

## Message Text

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ORIGIN STR-07

INFO OCT-01 NEA-10 IO-13 ISO-00 STRE-00 EB-08 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02  
OMB-01 DOE-15 /124 R

DRAFTED BY STR:SLANDE:ATN  
APPROVED BY STR:SLANDE  
STR:POMURPHY  
STATE:SAHMAD

-----078909 111310Z /47

R 110100Z APR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY TEL AVIV  
INFO USMISSION GENEVA

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USMTN

E.O. 11652: N/A

TAGS: ETRD, IS

SUBJECT: US/ISRAEL TRADE DISCUSSIONS

1. FOLLOWING IS SUMMARY OF RECENT DISCUSSIONS BETWEEN  
DEPUTY STR WOLFF AND DEPUTY DIRECTOR FOR FOREIGN TRADE OF  
MINISTRY OF INDUSTRY COHEN.

2. MTN - COHEN INDICATED THAT ISRAEL WOULD NOT BIND TARIFF  
CONCESSIONS MADE IN US/ISRAEL GSP UNDERSTANDING SINCE IT  
WOULD BENEFIT NEITHER U.S. NOR ISRAEL. UNDER PREFERENTIAL  
AGREEMENT ISRAEL HAS BOUND MARGIN BETWEEN EC PREFERENTIAL  
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DUTIES AND GATT BOUND RATE, BUT HAS NO COMMITMENT TO MAIN-  
TAIN PREFERENCE MARGIN FROM APPLIED RATE. ISRAEL IS UNDER  
NO OBLIGATION TO REDUCE PREFERENTIAL DUTY TO EC UNLESS BOUND  
DUTY IS REDUCED. THUS BINDING WOULD RESULT IN GREATER PRE-  
FERENCES AGAINST U.S. EXPORTERS AND A FREE RIDE FOR EC.  
HOWEVER COHEN INDICATED THAT PERHAPS THROUGH CEILING BIND-  
ING, DELAYED BINDING, OR LAGGING THE REDUCTION IN THE LEVEL

OF BOUND TARIFFS BEHIND THE REDUCTION IN THE ACTUAL DUTY, ISRAEL WOULD BE ABLE TO MINIMIZE THE PREFERENCE MARGIN. COHEN INDICATED THAT HE WAS UNABLE TO BE MORE SPECIFIC, SINCE MORE ANALYSIS WAS NEEDED.

3. GSP - WOLFF NOTED COMPLAINTS BY TEXTILE INDUSTRY OF LOST BUSINESS DUE TO REINSTITUTION OF TARIFF PREFERENCE IN FAVOR OF EC AND STRESSED THAT THIS WAS IN VIOLATION OF US/ISRAEL GSP UNDERSTANDING. COHEN MAINTAINED THAT US WAS NOT HURT BY RECENT TARIFF MODIFICATION WHICH WAS AIMED AT FAR EAST SUPPLIERS. NEVERTHELESS, HE ADMITTED THAT CERTAIN MODIFICATIONS WERE IN CONTRAVENTION OF THE SPECIFIC PROVISIONS OF THE GSP UNDERSTANDING.

4. IT WAS AGREED THAT AT FUTURE DATE PERHAPS IN APRIL, THERE WOULD BE DETAILED CONSULTATIONS IN TEL AVIV OR GENEVA ON MTN AND GSP ISSUES. VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1978STATE092178  
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**Drafter:** SLANDE:ATN  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Review Release Event:** n/a  
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**TAGS:** ETRD, IS  
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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014